

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| THE NOTICE OF FLEMING-MASON RURAL |) | |
| ELECTRIC COOPERATIVE CORPORATION OF |) | |
| FLEMINGSBURG, KY FOR A REVISION TO |) | |
| ITS RETAIL TARIFFS TO IMPLEMENT A |) | CASE NO. 89-079 |
| RETAIL MARKETING RATE FOR SPECIAL |) | |
| RETAIL APPLICATIONS |) | |

O R D E R

On April 5, 1989, Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason RECC") filed a revision to its retail electric tariffs. The revision provides for an off-peak retail marketing rate for special retail applications.

The retail marketing rate is designed to offer a 40 percent discount to the energy rate of Fleming-Mason RECC's Residential and Small Power Rate Schedule to consumers eligible for that same tariff. This rate offering is in conjunction with the Marketing Rate of the Wholesale Power Rate Schedule A of East Kentucky Power Cooperative, Inc. ("EKPC") approved by the Commission in Case No. 10281.¹ This wholesale power marketing rate offers to Fleming-Mason RECC and EKPC's other member cooperatives a 20 percent discount to the current wholesale power energy rate for off-peak power used for designated marketing programs.

¹ Case No. 10281, The Notice of East Kentucky Power Cooperative, Inc. of a Revision to Its Wholesale Electric Power Tariff to Implement a Wholesale Power Marketing Rate for Special Retail Applications.

The initial application of Fleming-Mason RECC's marketing rate will be for the use of Electric Thermal Storage ("ETS") devices. ETS is a technology that allows heat to be stored in one time period and used in another. Specifically, the ETS device can be controlled by the utility to store heat at night during off-peak hours and to discharge heat as needed, with no contribution to peak load.

The Commission has previously allowed electric utilities to charge special rates for power used by ETS devices. In December 1986, we permitted South Kentucky Rural Electric Cooperative Corporation and EKPC to conduct a 3-year pilot program involving ETS units. The load research data produced by that program indicates that ETS is a favorable off-peak load building technique which improves load factor.

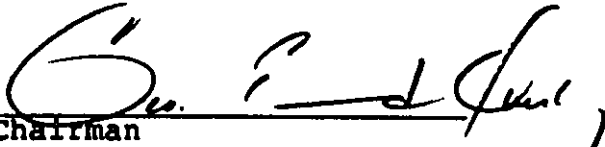
The Commission, having considered the evidence of record and being advised, is of the opinion and finds that Fleming-Mason RECC's Off-Peak Retail Marketing Rate should be approved.


IT IS THEREFORE ORDERED that:

1. Fleming-Mason RECC's Residential & Small Power - Electric Thermal Storage Schedule RSP-ETS as filed with the Commission on February 28, 1989 be and hereby is approved.
2. Within 20 days of the date of this Order, Fleming-Mason RECC shall file with this Commission signed copies of Residential & Small Power - Electric Thermal Storage Schedule RSP-ETS.

Done at Frankfort, Kentucky, this 1st day of May, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director